

## Message Text

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 125839 TOSEC 020131

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FOL REPEAT TEHRAN 4178 SENT ACTION SECSTATE MAY 5, 1975

QUOTE

S E C R E T TEHRAN 4178

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FOR THE SECRETARY FROM UNDER SECRETARY ROBINSON

E.O. 11652: XGDS

TAGS: ENRG, EFIN, EAID

SUBJECT: DISCUSSIONS WITH MINISTER ANSARY

1. I HAVE COMPLETED TWO FRUITFUL DISCUSSIONS TODAY WITH  
MINISTER ANSARY, ACCOMPANIED BY AMBASSADOR HELMS, COVERING  
SUBJECTS OUTLINED BELOW:

(A) WE EXPLORED THE QUESTION OF COOPERATIVE EFFORTS  
BETWEEN THE U.S., IRAN, AND SAUDI ARABIA TO ASSIST EGYPT  
IN MEETING ITS CURRENT ACCOUNT CRISIS WHICH IS NOW ESTIMATED  
IN THE RANGE OF \$400 MILLION TO \$800 MILLION FOR 1975. WE  
AGREED THAT ANY JOINT PROGRAM FOR CURRENT FINANCIAL  
SUPPORT SHOULD BE CONDITIONED UPON REACHING A GENERAL UNDER-  
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STANDING WITH THE EGYPTIAN GOVERNMENT REGARDING THE IMPLEMENTA-

TION OF ECONOMIC POLICIES OFFERING SOME ASSURANCE OF A MORE VIABLE ECONOMY IN THE FUTURE. WE AGREED, HOWEVER, THAT THERE WOULD HAVE TO BE LIMITATIONS ON SUCH CONDITIONS TO REFLECT THE POLITICAL REALITIES PRESIDENT SADAT MUST FACE OVER THE NEXT FEW MONTHS. ANSARY AGREED TO CONSIDER AN APPROACH WHICH CONTEMPLATES CONTINUING BILATERAL RELATIONS WITH EGYPT ON THE PART OF THE U.S., IRAN, AND SAUDI ARABIA BUT PROPERLY HARMONIZED BY INFORMAL TRILATERAL CONSULTATIONS AMONG DONOR NATIONS TO ENSURE MOST EFFECTIVE RESULTS. I WAS ENCOURAGED BY MINISTER ANSARY'S REACTION AND WOULD BE HOPEFUL THAT SOME UNDERSTANDING RE A JOINT EFFORT MIGHT BE ESTABLISHED PRIOR TO THE SHAH'S VISIT TO WASHINGTON.

(B) I REVIEWED THE BREAKDOWN OF THE PARIS PREPCON AND WE CONSIDERED VARIOUS ALTERNATIVES FOR MAINTAINING THE PROCESS OF CONSUMER/PRODUCER DIALOGUE WHICH WE BOTH AGREED WAS ESSENTIAL. MINISTER ANSARY ACCEPTED MY SUGGESTION THAT WE PROCEED WITH BILATERAL CONSIDERATION OF ALTERNATIVE APPROACHES TO INCLUDE BOTH ENERGY AND OTHER COMMODITY ISSUES TO DETERMINE A BASIS ON WHICH WE MIGHT RESUME MULTILATERAL DISCUSSIONS. ONE IDEA WHICH EMERGED WAS THE POSSIBILITY OF A MINISTERIAL LEVEL MEETING AT WHICH THE OVER-ALL ENERGY/RESOURCE PROBLEMS WOULD BE DISCUSSED IN GENERAL BUT WHERE THE ONLY SUBSTANTIVE ACTION WOULD BE THE FORMATION OF WORKING COMMITTEES ON ENERGY, OTHER COMMODITIES AND DEVELOPING COUNTRY RELATIONS. EACH COMMITTEE WOULD DEFINE ITS OWN SCOPE AND PROCEED ON SEPARATE BUT PARALLEL TRACKS. IT SEEMS TO ME THAT THIS MAY OFFER A POSSIBLE SOLUTION TO THE CURRENT IMPASSE.

(C) I DISCUSSED THE BILATERAL TRANSACTION AND FEEL THAT WE MAY HAVE A BASIS FOR FURTHER EXPLORATORY STUDY. I MADE IT CLEAR THAT WE HAD DIFFICULT PROBLEMS TO RESOLVE WITHIN OUR OWN GOVERNMENT BEFORE WE COULD PROCEED WITH ANY DEFINITIVE PLAN. WITH THIS RESERVATION I SUGGESTED A FIVE-YEAR COMMITMENT TO PURCHASE UP TO 500,000 BARRELS PER DAY WITH PAYMENT IN FIVE-YEAR U.S. TREASURY NOTES WHICH AFTER AN AGREED PERIOD OF DELAY COULD BE APPLIED AGAINST PURCHASE OF U.S. MACHINERY AND OTHER PRODUCTS. THIS IS A SUGGESTION WHICH WILL BE DISCUSSED WITH THE SHAH IN ANTICIPATION OF FURTHER CONSIDERATION OF THIS IDEA DURING  
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HIS FORTHCOMING VISIT TO WASHINGTON.

(D) I SUGGESTED THE POSSIBILITY OF MARRYING THE SHAH'S PROPOSAL FOR JOINT OPEC AND INDUSTRIALIZED NATION SUPPORT FOR THE MOST SERIOUSLY AFFECTED DEVELOPING NATIONS AND THE U.S. PROPOSED TRUST FUND DESIGNED FOR THIS SAME OBJECTIVE. I INDICATED THAT WE NEEDED THE RELEASE OF IMF GOLD WHICH WE COULD SELL AT THE CURRENT MARKET AS A SOURCE OF FUNDS FOR

OUR CONTRIBUTION TO THE PLAN, AND SECONDLY WE FELT THAT THE PLAN SHOULD BE AIMED ESSENTIALLY AT SOLVING THE CURRENT BALANCE OF PAYMENTS PROBLEMS OF THE MSA'S RATHER THAN FOR PROJECT LOANS AS PROPOSED BY THE SHAH. WE AGREED TO CONTINUE TO STUDY THIS MATTER WITH THE HOPE THAT WE CAN SOON LAUNCH A JOINT MSA "SUPPORT" EFFORT THROUGH THE IMF.

(E) WE DISCUSSED THE JOINT COMMISSION PROGRAM AND BOTH AGREED THAT IT IS MOVING FORWARD IN A MOST ENCOURAGING WAY. I REVIEWED WITH MINISTER ANSARY THE PROPOSED TEXT FOR ANNOUNCING DURING THE SHAH'S VISIT THE INCREASED SCOPE FOR ANTICIPATED US-IRAN TRADE BASED ON CURRENT PROJECTIONS. FTR DOMESTIC POLITICAL PURPOSES HE WOULD PREFER TO REPORT A TOTAL OF \$26 BILLION IN TWO-WAY NON-OIL NON-MILITARY TRADE RATHER THAN IN THE \$25 BILLION IN US EXPORTS WHICH WE HAVE SUGGESTED WHICH DRAMATIZES THE ANTICIPATED IMBALANCE IN FAVOR OF THE US. HOWEVER, I ANTICIPATE THAT WE WILL HAVE ARRIVED AT A SATISFACTORY AGREEMENT ON THIS STATEMENT WELL AHEAD OF THE SHAH'S VISIT WHICH WOULD AVOID LAST-MINUTE CONFUSION ON REPORTED TRADE DATA.

(F) I RAISED THE QUESTION AGAIN REGARDING IRAN'S \$36 MILLION LEND LEASE INDEBTEDNESS AND RECEIVED FROM ANSARY ACKNOWLEDGMENT THAT IT WOULD BE DESIRABLE TO RESOLVE THIS ISSUE AND ASSURANCE IT WOULD BE GIVEN FURTHER CONSIDERATION.

2. I WILL DEPART FROM TEHRAN EARLY TOMORROW (TUESDAY) MORNING FOR DISCUSSIONS WITH TOP GOVERNMENT OFFICIALS IN EGYPT. I BELIEVE THAT CONVERSATIONS WITH MINISTER ANSARY HERE IN TEHERAN WILL PROVE HELPFUL IN OUR EFFORTS TO DEVELOP A VIABLE SOLUTION TO PRESIDENT SADAT'S FINANCIAL PROBLEMS. HELMS

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